爪哇集團
SEA Group

S E A HOLDINGS LIMITED
爪 哇 控 股 有 限 公 司*

（Incorporated in Bermuda with limited liability）
(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next pages issued by Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company listed on the AIM Market of London Stock Exchange plc., on 25th March, 2009.

As at the date of this announcement, the Board of the Company comprises the following members:-

Executive Directors:-
Messrs. Lu Wing Chi *(Chairman and Managing Director)*, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu

Non-Executive Directors:-
Messrs. Lam Sing Tai and Tse Man Bun

Independent Non-Executive Directors:-
Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

Hong Kong, 26th March, 2009

* *For identification purpose only*

RNS Number : 4700P
Asian Growth Properties Limited

25th March, 2009

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the year ended 31st December, 2008

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31st December, 2008 as follows:

Financial Highlights

- Total operating revenue of HK$1,507.5 million (£134.0 million) (2007: HK$1,689.0 million (£109.1 million))
- Loss attributable to the Company's shareholders of HK$89.3 million (£7.9 million) (2007: profit of HK$605.9 million (£39.1 million))
- Loss per share for loss attributable to the Company's shareholders of HK$0.1 (0.89 pence) (2007: earnings per share for profit attributable to the Company's shareholders of HK$0.68 (4.4 pence))
- Fair value changes on investment properties producing a net decrease of HK$349.1 million (£31.0 million) made up as follows:-
    - Decrease in fair value of investment properties of HK$576.3 million (£51.2 million) (2007: increase of HK$830.4 million (£53.6 million)) and increase in fair value of properties held for sale upon transfer to investment properties of HK$227.2 million (£20.2 million) (2007: Nil)
- Earnings per share excluding the net effect of fair value change on investment properties of HK$0.24 (2.13 pence) (2007: loss per share of HK$0.07 (0.47 pence))
- Equity attributable to the Company's shareholders as at 31st December, 2008 of HK$6,735.6 million (£598.9 million) (31st December, 2007: HK$6,752.5 million (£436.2 million))
- Net asset value per share attributable to the Company's shareholders as at 31st December, 2008 of HK$7.6 (67.6 pence) (31st December, 2007: HK$7.62 (49.2 pence))
- Net cash from operating activities of HK$785.9 million (£69.9 million)(2007: HK$476.1 million (£30.8 million))

Operational Highlights

- Increased rent and occupancy at Dah Sing Financial Centre
- Secured an anchor tenant and sold the remaining residential units at Westmin Plaza Phase II
- Commencement of fitting out and internal decoration works and opening of Crowne Plaza Hong Kong Causeway Bay shortly and the last quarter of 2009 respectively
- Ongoing marketing activity for the remaining unsold residential units in Hong Kong developments namely Royal Green, The Morrison and The Forest Hills
- Investment in 3 new development projects in mainland China

Note: 1. Figures in Pounds Sterling are translated from Hong Kong dollars based upon exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rate for 31st December, 2008 is £1=HK$11.2467 (31st December 2007: £1=HK$15.4819).

2. For Shareholders' information, the exchange rate on 24th March, 2009 was £1=HK$11.3805.

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31st December, 2008, which have been approved by the Board of Directors on 25th March, 2009.

The 2008 Annual Report is expected to be posted to shareholders and holders of depositary interests in mid / late April 2009.

For further information, please contact:

Lu Wing Chi Executive Director Asian Growth Properties Limited	Tel: +852 2828 6363
Richard Gray Andrew Potts Panmure Gordon (UK) Limited (Nominated Advisor)	Tel: +44 207 459 3600

Attached:
Chairman's Review
Executive Directors' Review
Consolidated Income Statement
Consolidated Balance Sheet
Consolidated Statement of Changes in Equity
Consolidated Cash Flow Statement
Notes to the Consolidated Financial Statements

CHAIRMAN'S REVIEW

I present below the 2008 consolidated results of Asian Growth Properties Limited ("AGP" or the "Company") to the shareholders.

Results

AGP reported a net loss attributable to the Company's shareholders of HK$89.3 million (£7.9 million) for the year ended 31 December 2008 (2007: profit attributable to the Company's shareholders of HK$605.9 million (£39.1 million)). The reported loss was primarily attributable to a revaluation deficit on investment properties net of deferred taxation. By excluding the net effect of such deficit, the Group would report a net profit attributable to the Company's shareholders of HK$214.5 million (£19.1 million) (2007: net loss attributable to the Company's shareholders of HK$64.6 million (£4.2 million) by excluding the net effect of a revaluation surplus on investment properties).

As at 31 December 2008, the Group's equity attributable to the Company's shareholders amounted to HK$6,735.6 million (£598.9 million), representing a decrease of HK$16.9 million (£1.5 million) over 31 December 2007. The net asset value per share attributable to the Company's shareholders as at 31 December 2008 was HK$7.60 (67.6 pence) as compared with HK$7.62 (49.2 pence) as at 31 December 2007.

Operations and Acquisitions

During 2008, the Group continued the development of various property projects and the marketing and leasing activities in Hong Kong and mainland China. In Hong Kong, most of the residential units of The Forest Hills, The Morrison and the Royal Green projects have been sold. The Group's rental income from Dah Sing Financial Centre has been satisfactory and the entire commercial podium of The Morrison has been leased despite the current difficult economic situation. Superstructure construction work of the Crowne Plaza Hong Kong Causeway Bay has recently been completed. In mainland China, all the remaining residential units of the Westmin Plaza Phase II project have been sold in February 2009 and the leasing activities for the remaining office space in Plaza Central and office and commercial spaces of Westmin Plaza Phase II are continuing. While the office tower of Westmin Plaza Phase II started generating rental income in the second quarter of 2008, Plaza Central, Chengdu continues to contribute increasing rental income to the Group.

Further, the Group made several acquisitions and investments in mainland China during the year. It acquired a commercial podium and certain car-parking spaces of New Century Plaza in Chengdu for lease and a majority interest in a project for development of tourist leisure facilities at the Huangshan area and invested in two tourism / land projects in Nanjing. In addition, the Group formed a joint venture for a residential project in mid March this year.

Outlook

The Board of AGP will very cautiously continue to implement its strategy to target development and investment opportunities in mainland China and Hong Kong. During 2008, the Chinese government continued to take effective measures to ensure steady and relatively fast growth of economy in mainland China and play a constructive role in promoting stability and development of the world economy. The Board expects last year's global trends of slowing domestic economic growth, falling prices and shrinking sales volumes of property transactions to continue in 2009. However, with the central government's economic stimulus measures and monetary easing, we hold our favourable medium-to-long-term view on the property market in Hong Kong and mainland China. The Group will adhere to its focused approach to business expansion in the Mainland.

More particularly:

- **The Group is better placed than many. It has a conservative approach in these times of uncertainty. The Group has largely maintained its net asset value in Hong Kong dollars terms and shown an increase in net asset value in Pounds Sterling terms.**

- **It has a low gearing ratio (12.0%) and is in a strong cash position despite the valuation write-downs which are non-cash and are as detailed in this Review and are in line with the market trend.**

- **We believe that we are well placed to meet the challenges that lie ahead in this difficult economic time.**

Dividend

It was the Board's intention to make a dividend payment for the year ended 31 December 2008 in the absence of unforeseen adverse circumstances when the Company announced in March 2008 its consolidated results for the year ended 31 December 2007. However, the Group incurred a loss for the year ended 31 December 2008 owing to the property revaluation deficit as reported above, caused by the unexpected far-reaching and negative impact of the financial turmoil.

The Board does not propose the payment of a final dividend for the year ended 31 December 2008.

Acknowledgement

The Board would like to take this opportunity to express its thanks to the management team for the execution of the Board's strategy and its continuing support.

David Mathewson
Non-Executive Chairman
England, 25 March 2009

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2008 amounted to HK$1,507.5 million (2007: HK$1,689.0 million). The turnover was principally attributable to the recognition of the sales of residential units in Royal Green, The Forest Hills and The Morrison in Hong Kong and the rental contribution from Dah Sing Financial Centre, Hong Kong and Plaza Central, Chengdu.

The loss attributable to the Company's shareholders for year 2008 amounted to HK$89.3 million (2007: profit attributable to the Company's shareholders of HK$605.9 million). The reported loss was primarily attributable to a revaluation deficit on investment properties net of deferred taxation. By excluding the effect of such deficit, the Group would report a net profit attributable to the Company's shareholders of HK$214.5 million (2007: net loss attributable to the Company's shareholders of HK$64.6 million by excluding the effect of a revaluation surplus on investment properties).

As at 31 December 2008, the Group's equity attributable to the Company's shareholders amounted to HK$6,735.6 million (2007: HK$6,752.5 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2008 was HK$7.60 (67.6 pence) as compared with HK$7.62 (49.2 pence) as at 31 December 2007.

For shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rate for 31 December 2008 is £1=HK$11.2467 (31 December 2007: £1=HK$15.4819).

BUSINESS REVIEW
Property Investment and Development

All of the Group's property development and investment projects are located in Hong Kong and mainland China and are listed below:

Hong Kong

1. Dah Sing Financial Centre, Gloucester Road, Wanchai

The 39-storey commercial building includes offices and shops (total gross floor area of about 37,171 square metres) with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Gross rental income generated for the year was HK$148.5 million (2007: HK$117.6 million). The occupancy rate increased from 90.7% as at 31 December 2007 to 95.3% at 31 December 2008 with the average monthly rent increasing from HK$32.5 per square foot to HK$38.2 per square foot owing to lease renewals from existing tenants and new lettings for office space.

The asset management team of this Centre has recently been presented the Best Commercial Building Award 2008 by the Property Management Division Hong Kong of Jones Lang LaSalle in recognition of its outstanding performance.

2. Royal Green, Sheung Shui

The Group has a 55.0% interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. This development has been awarded the "Top Ten Flat Layouts 2006" by The Hong Kong Institute of Surveyors ("HKIS"). Turnover for the year, representing completion of the sales of 75 residential units and 19 car-parking spaces, was HK$234.9.million generating a net profit of HK$21.5 million after taking into account the related expenses. During the year, a total of 6 residential units and 16 car-parking spaces were sold. The marketing campaign for the only remaining 2 residential duplex units, one of which is well-furnished and 5 car-parking spaces reserved for the purchasers of these units is continuing.

3. The Morrison, Wanchai

With a total gross floor area of approximately 5,837 square metres, the property is a 30-storey residential and commercial composite building, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. It has won the Best Interior Design Award of the CNBC Asia Pacific Property Awards 2008 organised by the International Home Magazine and the Best Environmental Design Award 2008 organised by HKIS. Turnover for the year, representing completion of the sale of 48 residential units, was HK$234.5 million generating a net profit of HK$61.2 million after taking into account the expenses directly related to the project.

During the year, a total of 2 residential units were sold. Marketing and leasing for the remaining 6 units are continuing. So far, 2 of the remaining 6 residential units have been leased for a term of two years. In addition, the entire commercial podium of The Morrison has been leased at a satisfactory rental yield to Volkswagen, an international car manufacturer as its flagship showroom in Hong Kong for a term of 6 years.

4. The Forest Hills, Diamond Hill

The property has been developed into a 48-storey residential and commercial composite building, with a total gross floor area of approximately 18,825 square metres, comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. Construction works for the development was completed in April 2008 and delivery of the residential units to the purchasers commenced in May 2008.

During 2008, 77 units and 27 private car-parking spaces were sold. Turnover for the year, representing completion of the sale of 206 residential units and 27 car-parking spaces, was HK$805.0 million generating a net profit of HK$153.2 million after taking into account the expenses directly related to the project. Subsequent to 31 December 2008, 4 additional residential units and 4 car-parking spaces have been sold. Marketing for the remaining 89 unsold residential units and 49 private car-parking spaces and leasing activities for the retail podium are continuing.

5. Crowne Plaza Hong Kong Causeway Bay, Causeway Bay

The project is being developed into a 29-storey five-star hotel comprising 263 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The Group has engaged the InterContinental Hotel Group, a leading international hospitality services provider to manage the operation of the hotel under the name of "Crowne Plaza Hong Kong Causeway Bay". Superstructure construction works has been completed, occupation permit is being applied for and fitting out and internal decoration works will commence soon. In view of the uncertain economic conditions, the opening of the hotel has been rescheduled from the middle of 2009 to the last quarter of 2009. A pre-opening team has been in place and marketing initiatives for up-scale business travellers have been formulated.

6. Fo Tan, Sha Tin

The property with a site area of about 20,092 square metres is currently leased to a tenant as a logistic centre until end of 2009. Rezoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, among other facilities, residential units, car parks, educational facilities and a bus terminus. The Town Planning Board rejected the Group's planning application in July 2008 owing to a number of outstanding environmental, traffic and urban issues and the Group's appeal will be heard in mid October 2009. Further negotiations with relevant parties will be required to obtain the necessary approval.

7. 28/F., 9 Queen's Road Central, Central

The property is the entire floor of a 35-storey Grade A commercial building in Central with a gross floor area of approximately 1,279 square metres. It is currently let to a firm of international lawyers for a term of three years until mid May 2009 and this law firm has recently renewed and signed a lease at a much higher rent for a further term of three years upon the expiry of its present lease.

8. Excelsior Plaza Shop, Causeway Bay

The shop which occupies a prime position in Hong Kong's busiest shopping district has a gross floor area of approximately 39 square metres has been let to an international jewellery retailer for a term of three years until July 2011 at a rent 42% higher than the previous lease rate.

Mainland China

9. Westmin Plaza Phase II, Guangzhou

The whole Westmin Plaza Phase II project, completed in March 2008, has a total construction floor area of about 118,966 square metres and comprises four residential blocks of 646 units and one office block erected on a six-storey commercial/car-parking podium. In February 2009, all the remaining 45 residential units were sold and the relevant profit will be reflected in the financial statements of the Company for the year ending 31 December 2009.

The 14-storey office tower has a total gross floor area of about 16,112 square metres. As at 31 December 2008, 55.1% of the tower was leased with more than one-third of the total office space having been leased with the naming right to AIA, one of the "successful arms" of AIG, for a term of six years from April 2008. Leasing campaigns for the remaining office space and the 3-storey shopping arcade with a total gross floor area of about 26,612 square metres are in progress. Stable recurrent rental income from this property is expected.

10. Plaza Central, Chengdu

Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total construction floor area of approximately 91,455 square metres. This development was temporarily closed for safety inspection after the Sichuan earthquake in mid May 2008. With the exception of minor damage to certain non-structural parts of the complex and accessories, it was confirmed by the appropriate authorities that the property was suitable for normal use. As a result, the complex was subsequently re-opened for occupation by tenants.

Office towers I and II together were about 48.4% let as at 31 December 2008 and leasing campaigns for the remaining areas are continuing. The retail podium with a construction floor area of about 28,758 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. Rental returns from this property will benefit from the improving occupancy.

11. Huangshan Project

In March 2008, the Group acquired a 91% equity interest in a mainland China company with the remaining interest being held by a Chinese party. This joint venture company has the right to develop tourist leisure facilities on land located in the famous scenic Huangshan area of Anhui Province. The land to be developed by the joint venture company has a site area of about 333,500 square metres comprising about 66,700 square metres owned by the company and about 266,800 square metres which are leased from the local authority for 40 years and the joint venture company has the right to develop. A total cash consideration of HK$43.8 million has been paid by the Group for the acquisition of its 91% interest in this project. The Group has appointed an international property consultancy firm to prepare a survey in respect of the market positioning of the project and this survey will be completed shortly.

12. New Century Plaza, Chengdu

In July 2008, the Group acquired from its intermediate holding company S E A Holdings Limited the entire equity interest in a company owning a shopping arcade with a gross floor area of about 16,280 square metres and 50 car parks in a commercial development known as New Century Plaza in Chengdu, Sichuan Province for a cash consideration of HK$60.3 million. Such consideration was based on the consolidated net asset value of that company as at the completion date after taking into account an independent valuation for the properties of HK$118.3 million as at 30 June, 2008. The arcade is fully let to a furniture retailer until August 2009. Negotiations for the renewal of the lease are under way.

13. Chi Shan, Nanjing

In November 2008, the Group formed a joint venture with a Chinese party for an industrial, cultural and tourism development in Chi Shan, Nanjing, Jiangsu Province. It has a 51% equity interest in the newly incorporated joint venture company and will contribute a maximum of HK$49.1 million for such development at various stages.

And in December 2008, the Group entered into an agreement with another Chinese party for the acquisition of 51% of each of the equity interest and shareholder's loan of a company incorporated in Nanjing at an aggregate cash consideration of about HK$83.6 million. The said company has been established for an industrial, cultural and tourism development in Chi Shan, Nanjing, which is adjacent to the development mentioned in the first paragraph above. It is expected that the Group will contribute a maximum of HK$306.0 million for the project at various stages, in line with its ownership percentage in the project.

The above total contribution will be used to pay the expenses of tenant relocation arrangements of the land and construction of roads and bridges (both refundable by the local government representatives after the tenders mentioned hereafter) and initial tenders by the join venture companies for usable land with an aggregate area of 403,354 square metres in Chi Shan. The joint venture companies would generate revenue should the said tenders exceed the specified minimum prices set by the government.

Further information of the Chi Shan projects is published and can be viewed on the website of S E A Holdings Limited, an intermediate holding company of the Company at "www.seagroup.com.hk" under "Investor Relations/News/Announcements".

14. Acquisition after 31 December 2008

In mid March 2009, the Group formed a 50/50 joint venture with an individual by acquiring from him 50% of the entire issued shares of a company incorporated in Hong Kong that he previously held. Such joint venture company, through its wholly-owned company incorporated in mainland China, has the rights to construct and develop certain residential projects in Leiyang, Hunan Province. So far, the Group has contributed about HK$40.0 million in the Phase I development for which the superstructure work for three blocks of 6 and 7 storey building is in progress.

Working Capital and Loan Facilities

As at 31 December 2008, the Group's cash balance was HK$1,202.2 million (2007: HK$605.6 million) and unutilized facilities were HK$1,002.0 million (2007: HK$1,431.2 million).

Gearing ratio as at 31 December 2008, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 12% (2007: 15.3%).

As at 31 December 2008, maturities of the Group's outstanding borrowings were as follows:

Due	**31 December 2008** **HK$' million**	31 December 2007 HK$' million
Within 1 year	**1,289.3**	1,678.5
1-2 years	**59.4**	44.7
3-5 years	**883.6**	610.4
Over 5 years	**272.9**	67.2
	2,505.2	2,400.8

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 31 December 2008 amounted to HK$2,505.2 million (2007: HK$2,400.8 million), which were secured by properties valued at HK$6,161.8 million (2007: HK$8,541.4 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2008, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no derivative financial instruments employed during the year.

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the audited consolidated financial statements to be included in the 2008 annual report of AGP have been prepared in accordance with IFRS.

Outlook

The outlook for the global economy in 2009 appears dismal. A gradual recovery of the global economy is expected in late 2010, but a sustained recovery will depend upon restoring the smooth functioning of the financial sector and confidence. However, China might be the first major economy to recover from the global economic slump given that its fiscal stimulus and credit boost would support domestic demand.

In mainland China, the Chinese Government, in the face of the global situation, has strengthened macro-economic regulation and swiftly adjusted its policy. The Government has been implementing policies that over time would help reduce the reliance on exports as a main growth engine and strengthen the role of domestic demand. The shift will be a difficult and protracted process, but undoubtedly in China's long term interest and it is believed that the China market presents future growth potential for the Group. Although the government has imposed fiscal stimulus to provide support to demand and incentives to boost transactions, property transaction prices are seen to be dropping through much of the rest of 2009. Property transactions volume in China may rebound to a level comparable to fourth quarter of 2008 as property prices have decreased to a certain level. There are recent signs that some of the major players within China who are engaged in the property development business are starting to take advantage of the opportunities arising from the financial crisis. However, despite the immediate outlook the Group will adhere to its focused approach to mainland China business expansion and will also continue to exert its effort to secure quality tenants for its office space in Plaza Central and office and commercial spaces in Westmin Plaza Phase II and carry on with caution the development of its Huangshan, Nanjing and Leiyang projects.

In Hong Kong, the Group expects that the rental income from Dah Sing Financial Centre may remain flat in view of the current difficult situation. It is expected that the outlook for the residential property market in Hong Kong will continue to be pessimistic for 2009. However, strong affordability of home-buyers and the supportive policy from China government should continue to underpin demand for residential properties in spite of uncertainty about external economies and volatility in international equity markets. The Group will focus on leasing activities for its investment properties and continue its marketing campaign for the sale of the remaining unsold units of The Forest Hills, Royal Green and The Morrison. Construction of the Crowne Plaza Hong Kong Causeway Bay is at the final stage with a grand-opening date targeted in late 2009.

Going forward, the Group will cautiously continue to explore good development and investment opportunities in mainland China and Hong Kong.

On behalf of the Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 25 March 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	2008	2007
		HK$'000	HK$'000
Revenue	7	1,507,500	1,689,015
Interest income	9	26,113	30,288
Other income		23,387	21,254
Costs:			
Property and related costs	10	(1,032,921)	(1,423,158)
Staff costs		(18,871)	(17,061)
Depreciation		(560)	(542)
Other expenses	11	(130,160)	(120,984)
		(1,182,512)	(1,561,745)
Profit before fair value changes on investment properties		374,488	178,812
Fair value (decrease) increase on investment properties		(576,295)	830,355
Fair value increase on properties held for sale upon transfer to investment properties		227,145	-
Profit after fair value changes on investment properties		25,338	1,009,167
Finance costs	12	(81,071)	(74,290)
(Loss) profit before taxation	13	(55,733)	934,877
Income tax expense	14	(24,290)	(344,964)
(Loss) profit for the year		(80,023)	589,913
Attributable to:			
Company's shareholders		(89,256)	605,947
Minority interests		9,233	(16,034)
		(80,023)	589,913
		HK$	HK$
(Loss) earnings per share for (loss) profit attributable to the Company's shareholders - Basic	15	(0.10)	0.68
Earnings (loss) per share excluding fair value changes on investment properties/properties held for sale upon transfer to investment properties net of deferred tax - Basic	15	0.24	(0.07)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	NOTES	2008	2007
		HK$'000	HK$'000
Non-current Assets			
Investment properties	17	5,536,702	5,492,690
Property, plant and equipment	18	389,936	158,879
Prepaid lease payments	19	591,995	605,420
Properties for development	20	49,995	-
Loans receivable	21	86,379	123,517
		6,655,007	6,380,506
Current Assets			
Properties held for sale	22	830,166	477,369
Properties under development held for sale	22	593,967	2,032,746
Prepaid lease payments	19	15,122	16,819
Loans receivable	21	3,429	2,044
Receivables, deposits and prepayments	23	160,896	335,651
Income tax recoverable		79	2,794
Amount due from a minority shareholder		558	-
Pledged bank deposits	24	198,422	317,772
Restricted bank balances and deposits	25	147,322	134,240
Bank balances and cash	26	1,202,230	605,634
		3,152,191	3,925,069
Current Liabilities			
Payables, deposits received and accrued charges	27	202,879	331,308
Sales deposits on properties held for sale received		9,580	354,332
Provisions	28	6,807	15,965
Income tax payable		123,879	96,853
Secured bank borrowings - due within one year	29	1,289,269	1,678,475
Amount due to a minority shareholder	30	-	79
		1,632,414	2,477,012
Net Current Assets		1,519,777	1,448,057
		8,174,784	7,828,563

	NOTES	2008 HK$'000	2007 HK$'000
Capital and Reserves			
Share capital	31	345,204	345,204
Reserves		6,390,356	6,407,312
Equity attributable to the Company's shareholders		6,735,560	6,752,516
Minority interests		57,918	134,194
Total Equity		6,793,478	6,886,710
Non-current Liabilities			
Secured bank borrowings - due after one year	29	1,215,963	722,359
Deferred taxation	33	165,343	219,494
		1,381,306	941,853
		8,174,784	7,828,563

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to the Company's shareholders							
	Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Total	Minority interests	Total
	HK$'000	HK$'000	HK$'000 (Note)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2007	345,204	4,836,225	772,376	10,164	105,163	6,069,132	408,978	6,478,110
Exchange movement during the year recognised directly in equity	-	-	-	77,437	-	77,437	-	77,437
Profit for the year	-	-	-	-	605,947	605,947	(16,034)	589,913
Total recognised income and expense for the year	-	-	-	77,437	605,947	683,384	(16,034)	667,350
Dividend paid to a minority shareholder	-	-	-	-	-	-	(258,750)	(258,750)
At 31 December 2007	345,204	4,836,225	772,376	87,601	711,110	6,752,516	134,194	6,886,710
Exchange movement during the year recognised directly in equity	-	-	-	72,300	-	72,300	-	72,300
Loss for the year	-	-	-	-	(89,256)	(89,256)	9,233	(80,023)
Total recognised income and expense for the year	-	-	-	72,300	(89,256)	(16,956)	9,233	(7,723)
Acquisition of assets and liabilities through acquisition of a subsidiary	-	-	-	-	-	-	198	198
Contributions from a minority shareholder	-	-	-	-	-	-	693	693
Dividend paid to a minority shareholder	-	-	-	-	-	-	(86,400)	(86,400)
At 31 December 2008	345,204	4,836,225	772,376	159,901	621,854	6,735,560	57,918	6,793,478

Note:

Other reserve comprises (i) the excess of the issue price over the market closing price of the shares issued at the amount of HK$294,736,000 for acquiring certain assets and liabilities from the holding company by way of acquisition of subsidiaries on 5 October 2006 and (ii) a discount of HK$477,640,000, which represented the excess of fair value of assets and liabilities acquired through the acquisition of subsidiaries as mentioned in (i) above over the consideration paid or payable, deemed as capital contribution from holding company.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		(55,733)	934,877
Adjustments for:			
Interest expenses		76,886	72,866
Write down of properties held for sale		35,916	-
Depreciation		560	542
Amortisation of properties for development		637	-
Loss on disposal of property, plant and equipment		106	63
Fair value increase on properties held for sale upon transfer to investment properties		(227,145)	-
Fair value decrease (increase) on investment properties		576,295	(830,355)
Interest income		(26,113)	(30,288)
Operating cash flows before movements in working capital		381,409	147,705
Decrease in properties held for sale/properties under development held for sale		859,722	793,358
Decrease (increase) in receivables, deposits and prepayments		176,581	(182,364)
(Decrease) increase in payables, deposits received and accrued charges		(147,113)	36,040
Decrease in sales deposits on properties held for sale received		(344,752)	(108,455)
Cash generated from operations		925,847	686,284
Interest received		22,888	24,488
Interest paid on bank borrowings		(105,894)	(124,327)
Hong Kong Profits Tax paid		(28,699)	(106,560)
Taxation paid in other jurisdictions		(28,279)	(3,749)
NET CASH FROM OPERATING ACTIVITIES		785,863	476,136
INVESTING ACTIVITIES			
Purchase of investment properties		(1,202)	(4,305)
Addition of properties for development		(36,416)	-
Purchase of property, plant and equipment		(199,848)	(68,510)
Additions for leasehold land		-	(7,000)
Advance of loans receivable		(1,225)	(14,240)
Repayments of loans receivable		39,817	21,988
Decrease (increase) in pledged bank deposits		119,350	(164,285)
(Increase) decrease in restricted bank balances and deposits		(5,888)	214,129
Settlement of purchase consideration payable in acquisition of assets and liabilities through acquisition of subsidiaries		-	(33,621)
Acquisition of assets and liabilities through acquisition of subsidiaries	34	(64,399)	-
NET CASH USED IN INVESTING ACTIVITIES		(149,811)	(55,844)

	2008	2007
	HK$'000	HK$'000
FINANCING ACTIVITIES		
Repayments of secured bank borrowings	(2,287,592)	(506,170)
Proceeds from secured bank borrowings	2,307,454	862,077
Repayments to a minority shareholder	(87,037)	(42,419)
Advance from a minority shareholder	86,400	6,289
Dividends paid to a minority shareholder	(86,400)	(258,750)
Contribution from a minority shareholder	693	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(66,482)	61,027
NET INCREASE IN CASH AND CASH EQUIVALENTS	569,570	481,319
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	605,634	106,327
Effect of foreign exchange rate changes	27,026	17,988
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	1,202,230	605,634

1. GENERAL

The Company is a public limited company incorporated in the British Virgin Islands ("B.V.I.") and listed on the AIM market of London Stock Exchange plc. Its parent company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. The directors consider that the Company's ultimate holding company is JCS Limited, a company incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I. and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 41.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee of the IASB, which are or have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Costs[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Eligible Hedged Items[3]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
IFRS 3 (Revised)	Business Combinations[3]
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
IFRS 8	Operating Segments[2]
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives[4]
IFRIC 13	Customer Loyalty Programmes[5]
IFRIC 15	Agreements for the Construction of Real Estate[2]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[6]
IFRIC 17	Distributions of Non-cash Assets to Owners[3]
IFRIC 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods ending on or after 30 June 2009
5 Effective for annual periods beginning on or after 1 July 2008
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers on or after 1 July 2009

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies set out below. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Common control combinations

The Group has elected to apply principles of uniting of interests (merger accounting) in respect of business combination under common control. In applying merger accounting, financial statement items of the combining businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining businesses first came under the control of the controlling party or parties. The combined entity recognises the assets, liabilities and equity of the combining businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combinations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties is retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from sales of properties is recognised when the respective properties have been completed and delivered to the buyers. Payments received from purchasers prior to this stage are recorded as pre-sales deposits under current liabilities.

Others

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment other than properties under development are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than properties under development over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development is stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of the development project. Upon the commencement of development, the remaining carrying value of the properties for development would be transferred to properties under development held for sale or prepaid lease payments according to the nature of development.

Prepaid lease payments/properties under development

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Cost comprises property development costs including attributable borrowing costs and directly attributable costs capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Properties held for sale/properties under development held for sale

Properties held for sale and properties under development held for sale in the ordinary course of business are classified under current assets and are stated at the lower of cost and net realisable value. Cost comprises property interest in leasehold land and development costs including attributable borrowings costs and directly attributable costs capitalised during the development period that have been incurred in bringing the properties to their present location and condition. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment on assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those classified and accounted for as investment properties under fair value model.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Group's financial assets are all classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including receivables, pledged bank deposits, restricted bank balances and deposits, bank balances and cash, amount due from a minority shareholder and loans receivable) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables and loans receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including payables, deposits, amount due to a minority shareholder and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Taxation - continued

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date and their income and expense are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which cases, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (i.e. translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted under the share option scheme of a holding company at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in retained profits.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

At the time when the share options are exercised, the amount previously recognised in retained profits will continue to be held in retained profits. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in retained earnings will continue to be held in retained profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following estimation that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

Income tax

No deferred tax asset has been recognised in respect of tax losses and deductible temporary differences of HK$202,615,000 and HK$36,650,000 (2007: HK$391,609,000 and HK$40,133,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of secured bank borrowings, which is disclosed in note 29, and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the repayment of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,683,657	1,400,359
Financial liabilities		
At amortised costs	2,695,046	2,679,349

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group does not enter into or trade any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets and monetary liabilities, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of those foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong dollars	4,377	-	-	80,000
United States dollars	135,022	133,472	-	-

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2007: 5%) appreciation in Renminbi, which is the functional currency of the relevant subsidiaries, relative to Hong Kong dollars and United States dollars. There would be an equal and opposite impact where Renminbi weakens 5% (2007: 5%) against the relevant currencies.

	Loss (gain) in income statements	
	2008	2007
	HK$'000	HK$'000
Hong Kong dollars	219	(4,000)
United States dollars	6,751	6,674

As at 31 December 2008, the loans to foreign operations within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currency of Hong Kong dollars and United States dollars amounted to HK$96,139,000 (2007: HK$94,773,000) and HK$92,498,000 (2007: HK$165,957,000) respectively.

The following table details the Group's sensitivity to a 5% (2007: 5%) appreciation in Renminbi relative to Hong Kong dollars and United States dollars. There would be an equal and opposite impact where Renminbi weakens 5% (2007: 5%) against the relevant currencies.

	Increase in equity	
	2008	2007
	HK$'000	HK$'000
Hong Kong dollars	4,807	4,739
United States dollars	4,625	8,298

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings (see note 29 for details of bank borrowings) and loans receivable (see note 21 for details of loans receivable). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Money Market Offer Rate, Hong Kong Prime Rate and People's Bank of China lending rate on the secured bank borrowings (note 29), and Hong Kong Prime Rate on other loans receivable (note 21).

The Group is also exposed to fair value interest rate risk in relation to fixed rate restricted bank balances and deposits, pledged bank deposits and bank balances.

The Group currently does not have an interest rate swap hedging policy. However, the management monitors interest exposure on bank borrowings and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates in relation to the Group's variable rate bank borrowings and other loans receivable at the balance sheet date. The analysis is prepared assuming the amount of asset and liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points (2007: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2007: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2008 would increase/decrease by HK$12,077,000 (2007: profit decrease/increase by HK$11,376,600).

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are licensed banks.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Within 3 months	4 months to 6 months	7 months to 9 months	10 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying values
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12.2008								
Payables	-	126,023	6,692	6,141	2,089	48,869	189,814	189,814
Variable rates bank borrowings	2.4	720,329	22,853	567,929	20,717	1,382,957	2,714,785	2,505,232
		846,352	29,545	574,070	22,806	1,431,826	2,904,599	2,695,046

	Weighted average effective interest rate	Within 3 months	4 months to 6 months	7 months to 9 months	10 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying Values
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12. 2007								
Payables	-	234,294	3,091	2,125	1,677	37,249	278,436	278,436
Amount due to a minority shareholder	-	79	-	-	-	-	79	79
Variable rates bank borrowings	4.4	1,237,678	444,286	18,955	18,865	820,273	2,540,057	2,400,834
		1,472,051	447,377	21,080	20,542	857,522	2,818,572	2,679,349

6. FINANCIAL INSTRUMENTS - continued

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing model which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

	2008	2007
	HK$'000	HK$'000
Gross rental income	233,031	163,858
Gross proceeds from sale of properties	1,274,469	1,525,157
	1,507,500	1,689,015

8. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

The operations of the Group are currently located in Hong Kong and the other regions of the People's Republic of China (the "PRC"). The corresponding geographical locations of the Group's assets are the basis on which the Group reports its primary segment information.

Consolidated Income Statement for the year ended 31 December 2008

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
REVENUE			
External sales	1,438,386	69,114	1,507,500
RESULTS			
Segment (loss) profit	(31,966)	38,961	6,995
Interest income			26,113
Unallocated corporate expenses			(7,770)
Finance costs			(81,071)
Loss before taxation			(55,733)
Income tax expense			(24,290)
Loss for the year			(80,023)

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Geographical segments - continued

Consolidated Balance Sheet at 31 December 2008

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	6,150,405	2,108,182	8,258,587
Restricted bank balances and deposits	-	147,322	147,322
Income tax recoverable			79
Amount due from a minority shareholder			558
Other unallocated corporate assets			1,400,652
Consolidated total assets			9,807,198
LIABILITIES			
Segment liabilities	147,102	72,164	219,266
Bank borrowings			2,505,232
Income tax payable			123,879
Deferred taxation			165,343
Consolidated total liabilities			3,013,720

Other information for the year ended 31 December 2008

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
Amortisation of properties for development	-	637	637
Capital additions	216,071	119,895	335,966
Depreciation	18	542	560
Fair value decrease on investment properties	540,000	36,295	576,295
Fair value increase on properties held for sale upon transfer to investment properties	130,874	96,271	227,145
Write down of properties held for sale	-	35,916	35,916
Loss on disposal of property, plant and equipment	-	106	106

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Geographical segments - continued

Consolidated Income Statement for the year ended 31 December 2007

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
REVENUE			
External sales	1,235,957	453,058	1,689,015
RESULTS			
Segment profit	692,711	295,628	988,339
Interest income			30,288
Unallocated corporate expenses			(9,460)
Finance costs			(74,290)
Profit before taxation			934,877
Income tax expense			(344,964)
Profit for the year			589,913

Consolidated Balance Sheet at 31 December 2007

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	7,436,871	1,808,264	9,245,135
Restricted bank balances and deposits	-	134,240	134,240
Income tax recoverable			2,794
Other unallocated corporate assets			923,406
Consolidated total assets			10,305,575
LIABILITIES			
Segment liabilities	543,575	158,030	701,605
Bank borrowings			2,400,834
Income tax payable			96,853
Amount due to a minority shareholder			79
Deferred taxation			219,494
Consolidated total liabilities			3,418,865

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Geographical segments - continued

Other information for the year ended 31 December 2007

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
Capital additions	79,278	4,917	84,195
Depreciation	18	524	542
Fair value increase on investment properties	629,000	201,355	830,355
Loss on disposal of property, plant and equipment	-	63	63

Business segments

In prior year, the Group was organised into two operating divisions - property investment and property development. Since the Group has undergone the pre-opening activities of a hotel during the year and the directors expect that the hotel will be opened in the second half of 2009, an additional business segment for hotel operation is presented in segment information this year.

The Group is currently organised into three operating divisions – property investment, property development and hotel operation. Comparative figures have been restated to confirm with current year's presentation.

Principal activities are as follows:

Property investment – properties letting
Property development – development and sales of properties
Hotel operation – hotel operation and management

All divisions above are operating in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales revenue by business segments:

	Sales revenue by business segment	
	2008 HK$'000	2007 HK$'000
Property investment	233,031	163,858
Property development	1,274,469	1,525,157
Hotel operation	-	-
	1,507,500	1,689,015

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Business segments - continued

The following is an analysis of the carrying amount of segment assets, and additions to investment properties and property, plant and equipment analysed by business segments:

	Carrying amount of segment assets		Additions to investment properties and property, plant and equipment	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Property investment	5,606,446	5,538,886	119,895	4,305
Property development	1,656,320	2,927,272	-	612
Hotel operation	996,379	778,977	216,071	79,278
Unallocated corporate assets	1,548,053	1,060,440	-	-
	9,807,198	10,305,575	335,966	84,195

9. INTEREST INCOME

	2008	2007
	HK$'000	HK$'000
Interest on loans receivable	5,651	7,690
Interest on bank deposits	20,462	22,598
	26,113	30,288

10. PROPERTY AND RELATED COSTS

	2008	2007
	HK$'000	HK$'000
Changes in properties held for sale/ properties under development held for sale	846,216	730,827
Costs incurred on properties held for sale/ properties under development held for sale	10,592	436,057
Write down of properties held for sale	35,916	-
Selling and marketing expenses	108,235	232,031
Direct operating expenses from investment properties that generate rental income	31,962	24,243
	1,032,921	1,423,158

11. OTHER EXPENSES

	2008 HK$'000	2007 HK$'000
Included in other expenses are:		
Management fee paid to a related company	98,751	95,042
Other legal and professional fees	9,651	11,864

12. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	97,984	117,996
Bank borrowings not wholly repayable within 5 years	3,267	6,331
	101,251	124,327
Less: Amounts capitalised to property development projects	(24,365)	(53,331)
	76,886	70,996
Facilities charges	4,185	3,294
	81,071	74,290

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.1% (2007: 9.2%) per annum to expenditure on qualifying assets.

13. (LOSS) PROFIT BEFORE TAXATION

	2008 HK$'000	2007 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Amortisation of properties for development	637	-
Auditor's remuneration		
Current year	1,575	1,606
Underprovision in prior year	-	200
Directors' emoluments	3,128	8,284
Loss on disposal of property, plant and equipment	106	63
Minimum lease payments under operating leases	1,931	3,909
and crediting:		
Gross rental income from investment properties	233,031	163,858
Less: Direct operating expenses from investment properties that generate rental income during the year	(31,962)	(24,243)
Net rental income from investment properties	201,069	139,615

14. INCOME TAX EXPENSE

	2008 HK$'000	2007 HK$'000
The charge (credit) comprise:		
Current tax		
Hong Kong	71,169	76,690
PRC Enterprise Income Tax	-	40,095
PRC Land Appreciation Tax	-	66,875
	71,169	183,660
(Over)underprovision in prior years		
Hong Kong	(298)	-
PRC Enterprise Income Tax	15,719	1,290
PRC Land Appreciation Tax	(5,839)	-
	9,582	1,290
Deferred tax		
Current year	(46,947)	160,589
Attributable to a change in tax rate	(9,514)	(575)
	(56,461)	160,014
	24,290	344,964

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The deferred tax balance at 31 December 2007 has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Company's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards. The deferred tax balance at 31 December 2007 has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

Details of deferred taxation are set out in note 33.

14. INCOME TAX EXPENSE - continued

The income tax expense for the year can be reconciled from (loss) profit before taxation per the consolidated income statement as follows:

	2008 HK$'000	2007 HK$'000
(Loss) profit before taxation	(55,733)	934,877
Tax at the Hong Kong income tax rate of 16.5% (2007: 17.5%)	(9,196)	163,603
Tax effect of expenses not deductible for tax purpose	53,061	95,124
Tax effect of income not taxable for tax purpose	(3,116)	(3,180)
Underprovision Hong Kong Profits Tax and PRC Enterprise Income Tax in respect of prior years, net	15,421	1,290
Utilisation of tax losses previously not recognised	(31,184)	(1,769)
Utilisation of deductible temporary differences not recognised	(569)	(12,015)
Overprovision of PRC Land Appreciation Tax in respect of prior years	(5,839)	-
PRC Land Appreciation Tax	-	66,875
Tax effect of PRC Land Appreciation Tax	-	(11,703)
Effect of change in tax rate	(9,514)	(575)
Effect of different tax rates of subsidiaries operated in other jurisdictions	15,478	47,110
Others	(252)	204
Income tax expense for the year	24,290	344,964

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the Company's shareholders is based on the following data:

	2008 HK$'000	2007 HK$'000
(Loss) earnings for the purpose of basic (loss) earnings per share	(89,256)	605,947

	Number of shares	
	2008	2007
Number of ordinary shares for the purpose of basic (loss) earnings per share	886,347,812	886,347,812

No diluted (loss) earnings per share is presented as the Company did not have any potential ordinary share in issue during the both years or at each balance sheet date.

15. (LOSS) EARNINGS PER SHARE - continued

For the purpose of assessing the performance of the Group, management is of the view that the (loss) profit for the year should be adjusted for fair value changes on investment properties/properties held for sale upon transfer to investment properties and related deferred taxation in arriving at "adjusted profit (loss) attributable to the Company's shareholders". A reconciliation of (losses) profits is as follows:

	2008 HK$'000	2007 HK$'000
(Loss) profit attributable to the Company's shareholders as shown in the consolidated income statement	(89,256)	605,947
Fair value of decrease (increase) in fair value of investment properties	576,295	(830,355)
Fair value increase on properties held for sale upon transfer to investment properties	(227,145)	-
Deferred tax on changes in fair value of investment properties	(37,266)	160,414
Effect of change in tax rate	(8,116)	(575)
Adjusted profit (loss) attributable to the Company's shareholders	214,512	(64,569)
Earnings (loss) per share excluding fair value changes on investment properties/properties held for sale upon transfer to investment properties net of deferred tax - Basic (HK$)	0.24	(0.07)

The denominators used are the same as those detailed above for basic earning per share.

16. DIVIDENDS

No dividend was paid or proposed during the two years ended 31 December 2008, nor has any dividend been proposed since the balance sheet date.

17. INVESTMENT PROPERTIES

	Hong Kong held under long leases	Hong Kong held under medium-term leases	PRC held under long leases	PRC held under medium-term leases	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
AT FAIR VALUES					
At 1 January 2007	259,000	3,430,000	895,860	-	4,584,860
Exchange adjustments	-	-	73,170	-	73,170
Additions	-	-	4,305	-	4,305
Fair value increase	59,000	570,000	201,355	-	830,355
At 31 December 2007	318,000	4,000,000	1,174,690	-	5,492,690
Exchange adjustments	-	-	71,976	(2,156)	69,820
Additions	-	-	1,202	-	1,202
Transfer from properties held for sale	220,000	-	-	210,995	430,995
Acquisition of assets through acquisition of subsidiaries	-	-	118,290	-	118,290
Fair value decrease	(110,000)	(430,000)	(31,558)	(4,737)	(576,295)
At 31 December 2008	428,000	3,570,000	1,334,600	204,102	5,536,702

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2008 and at the date of transfer from properties held for sale have been arrived at on the basis of valuation carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected with the Group. Savills recognised by The Hong Kong Institute of Surveyors has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations.

The valuation, which conforms to the appropriate sections of both the current Practice Statements, and United Kingdom Practices Statements contained in the RICS Valuation Standards (January 2008), 6th Edition published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "RICS") as well as the AIM Rules for Companies and Listing Rules published by London Stock Exchange plc., were arrived at by reference to market evidence of recent transaction prices for similar properties or on the basis of capitalisation of net income.

Certain of the Group's investment properties are rented out under operating leases.

18. PROPERTY, PLANT AND EQUIPMENT

	Properties under development in Hong Kong held under medium-term leases	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 January 2007	60,442	1,941	138	37	62,558
Exchange adjustments	-	140	31	3	174
Additions	79,278	69	543	-	79,890
Disposals	-	(64)	-	-	(64)
Amortisation of prepaid lease payments capitalised	17,018	-	-	-	17,018
At 31 December 2007	156,738	2,086	712	40	159,576
Exchange adjustments	-	127	44	3	174
Additions	215,727	747	-	-	216,474
Disposals	-	(130)	-	-	(130)
Amortisation of prepaid lease payments capitalised	15,122	-	-	-	15,122
At 31 December 2008	387,587	2,830	756	43	391,216
DEPRECIATION					
At 1 January 2007	-	95	18	14	127
Exchange adjustments	-	21	6	2	29
Provided for the year	-	397	121	24	542
Eliminated on disposals	-	(1)	-	-	(1)
At 31 December 2007	-	512	145	40	697
Exchange adjustments	-	34	10	3	47
Provided for the year	-	453	107	-	560
Eliminated on disposals	-	(24)	-	-	(24)
At 31 December 2008	-	975	262	43	1,280
CARRYING VALUES					
At 31 December 2008	387,587	1,855	494	-	389,936
At 31 December 2007	156,738	1,574	567	-	158,879

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum and after taking into account their estimated residual values:

Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

19. PREPAID LEASE PAYMENTS

	2008 HK$'000	2007 HK$'000
Leasehold land in Hong Kong held under medium-term lease	607,117	622,239
Analysed for reporting purposes as:		
Current	15,122	16,819
Non-current	591,995	605,420
	607,117	622,239

Amortisation of prepaid lease payments during the year amounting to HK$15,122,000 (2007: HK$17,018,000) was capitalised to properties under development.

20. PROPERTIES FOR DEVELOPMENT

	2008 HK$'000	2007 HK$'000
PROPERTIES IN THE PRC, AT COST		
Acquisition of leasehold land through acquisition of a subsidiary	13,901	-
Additional costs for acquisition of leasehold land	36,416	-
Exchange adjustments	315	-
	50,632	-
AMORTISATION		
Provided for the year and 31 December	(637)	-
CARRYING VALUE		
At 31 December	49,995	-

Note:

At 31 December 2008, the risks and rewards of the leasehold land have been transferred to the Group in accordance with a binding agreement, notwithstanding the legal title of the land use rights have not yet been transferred to the Group.

The costs for acquisition of the land use rights are amortised on a straight-line basis over the term of leasehold land, i.e. 40 years.

21. LOANS RECEIVABLE

	2008 HK$'000	2007 HK$'000
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the balance sheet date)	3,429	2,044
Non-current assets (receivable after 12 months from the balance sheet date)	86,379	123,517
	89,808	125,561

The loans receivable represented second mortgage loans receivable which are secured by certain leasehold properties, carry interest at Hong Kong Prime Rate and are repayable in accordance with their respective repayment terms. Before granting a new loan, the Group uses an internal credit assessment system to assess each potential debtor's credit quality and defines credit limits by customers. The Group has minimal loans receivable balances which are past due but not impaired at the balance sheet date as these debtors have good repayment history. The average loan period granted in respect of these loan receivables is 18-20 years (2007: 18-20 years). No single loan receivable is individually material.

The loans are recoverable as follows:

	2008 HK$'000	2007 HK$'000
Within one year	3,429	2,044
In more than one year but not more than two years	3,949	4,311
In more than two years but not more than three years	4,013	4,940
In more than three years but not more than four years	4,013	5,274
In more than four years but not more than five years	4,013	5,629
In more than five years	70,391	103,363
	89,808	125,561

The average effective interest rates of loans receivable are 5.8% (2007: 6.5%) per annum.

In determining the recoverability of loans receivables, the Group considers any change in the credit quality of the loans receivable from the date credit was initially granted up to and including balance sheet date. The concentration of credit risk is limited due to the customer base being large and unrelated.

22. PROPERTIES HELD FOR SALE/PROPERTIES UNDER DEVELOPMENT HELD FOR SALE

The Group's properties held for sale of HK$409,630,000 (2007: HK$452,014,000) and HK$420,536,000 (2007: HK$25,355,000) are situated in Hong Kong and the PRC respectively.

The Group's properties under development held for sale of HK$593,967,000 (2007: HK$1,494,414,000) and Nil (2007: HK$538,332,000) are situated in Hong Kong and the PRC respectively.

Both the Group's properties held for sale and properties under development held for sale are held under medium or long term leases.

Included in the Group's properties under development held for sale are HK$593,967,000 (2007: HK$588,275,000) which are expected to be recovered in more than twelve months after the balance sheet date.

23. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2008	2007
	HK$'000	HK$'000
Trade receivables	3,042	2,302
Other receivables, deposits and prepayments	157,854	333,349
	160,896	335,651

The Group allows an average credit period of 60 days to its trade customers. All trade receivables at the balance sheet date are aged less than 60 days.

Before accepting any customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limits by customers. The Group does not have significant trade receivables which are past due but not impaired at the balance sheet date as these debtors have good repayment history.

The Group has not provided for impairment loss for other receivable balances as the amounts are considered recoverable. The Group does not hold any collateral over these balances.

24. PLEDGED BANK DEPOSITS

The amount represents deposits pledged to banks to secure short-term bank loans and are therefore classified as current assets.

The deposits carry fixed interest rates ranging from 0.6% to 3.9% (2007: 4.0% to 4.7%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

25. RESTRICTED BANK BALANCES AND DEPOSITS

Bank deposits of HK$12,300,000 (2007: HK$134,240,000), being proceeds received upon the pre-sale of certain units of a property under development held for sale, are placed in several banks and to be used solely for tax payment and settlement of the construction cost of the related property. The bank deposits carry fixed interest rates ranging from 0.4% to 1.5% (2007: 0.7% to 1.5%) per annum.

Bank deposits of HK$135,022,000 (2007: Nil) that is denominated in United States dollars, being the capital of a PRC subsidiary under the process of winding up, are restricted to be used until the said winding up process has been completed. The bank deposits carry fixed interest rates ranging from 0.1% to 1.2% per annum.

26. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits which carry fixed interest rates ranging from 0.1% to 3.7% (2007: 3.8% to 4.0%) per annum with an original maturity of three months or less.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008 HK$'000	2007 HK$'000
Hong Kong dollars	4,377	-
United States dollars	-	133,472

27. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2008 HK$'000	2007 HK$'000
Trade payables	11,845	69,762
Other payables, deposits received and accrued charges	191,034	261,546
	202,879	331,308

28. PROVISIONS

	HK$'000
At 1 January 2007	14,881
Exchange adjustments	1,084
At 31 December 2007	15,965
Exchange adjustments	900
Utilised during the year	(10,058)
At 31 December 2008	6,807

The provisions for rehousing compensation represent the compensation for the delay in handover of rehousing properties to the former commercial unit owners ("Affected Owners") whose properties have been demolished due to the construction of a property developed for sale by the Group in the PRC and the estimated cost for the permanent relocation of certain Affected Owners who will not have rehousing properties allocated under management's plan. Such provisions are estimated based on management's best estimate by reference to the PRC statutory requirements. During the year ended 31 December 2008, some of the compensation arrangements have been settled with Affected Owners by transferring to them certain units of the Group's properties held for sale. In the opinion of the directors, the remaining compensation is expected to be paid within one year, depending on the progress of negotiations with the Affected Owners.

29. SECURED BANK BORROWINGS

	2008 HK$'000	2007 HK$'000
The bank borrowings are repayable as follows:		
On demand or within one year	1,289,269	1,678,475
More than one year, but not exceeding two years	59,398	44,730
More than two years, but not exceeding three years	787,974	47,129
More than three years, but not exceeding four years	44,951	551,478
More than four years, but not exceeding five years	50,724	11,845
More than five years	272,916	67,177
	2,505,232	2,400,834
Less: Amounts due for settlement within 12 months shown under current liabilities	(1,289,269)	(1,678,475)
Amounts due for settlement after 12 months	1,215,963	722,359

The average effective interest rates of the borrowings are ranging from 2.7% to 7.8% (2007: 4.7% to 6.2%) per annum.

29. SECURED BANK BORROWINGS - continued

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	2008 HK$'000	2007 HK$'000	Interest rate
Hong Kong dollars	1,988,715	1,982,809	Hong Kong Interbank Money Market Offer Rate plus 0.6% to 1.2% (2007: plus 0.5% to 0.67%)
	-	80,000	Hong Kong Prime Rate minus 2%
Renminbi	176,347	273,951	5% premium (2007: 10% discount) on People's Bank of China lending rate
	340,170	64,074	People's Bank of China lending rate
	2,505,232	2,400,834	

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Hong Kong dollars HK$'000
As at 31 December 2008	-
As at 31 December 2007	80,000

30. AMOUNT DUE TO A MINORITY SHAREHOLDER

The balance was unsecured, interest-free and was fully repaid during the year.

31. SHARE CAPITAL

Movements during the year in the share capital of the Company were as follows:

	2008 US$'000	2007 US$'000
Ordinary shares of US$0.05 each:		
Authorised:		
1,300,000,000 ordinary of shares of US$0.05 each	65,000	65,000
Issued and fully paid:		
886,347,812 ordinary shares of US$0.05 each	44,317	44,317

	Shown in the consolidated financial statements as	
	2008 HK$'000	2007 HK$'000
Issued and fully paid capital at end of the year	345,204	345,204

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

32. SHARE-BASED PAYMENTS

The Company's intermediate holding company, S E A Holdings Limited ("S E A"), operates an employee share option scheme (the "Scheme") for the primary purpose of providing incentive to directors and eligible employees. The Scheme was approved and adopted on 19 August 2005, which is effective until 18 August 2015. The period during which an option may be exercised is determined by the board of directors of S E A at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme.

Under the Scheme, the board of directors of S E A may offer to any director or full time employee/chief executive of S E A, or any of its subsidiaries, options to subscribe for shares in S E A at a price equal to the highest of the nominal value of the shares, and the average of the closing prices of shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the five business days immediately preceding the date of the grant of the options and the closing price of the shares on the Stock Exchange on the date of grant. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of S E A in issue at any point in time, without prior approval from the S E A's shareholders.

Options granted must be taken up within 28 days from the date of grant or such period as the S E A's directors determine, upon payment of HK$10 for each grant of options.

32. SHARE-BASED PAYMENTS - continued

On 31 December 2008, S E A has granted a share option representing 2,000,000 S E A shares with a fair value of HK$592,000 to a director of the Company at an exercise price of HK$2.262 per share. The directors determined the fair value of the share option with reference to the calculation of the fair value of the granted share option made by an independent professional valuer. The granted option is exercisable for a term of two years commencing from 31 December 2010. The Group measured the services received from this director by reference to the fair value of the share option at the grant date using the Binominal Option Pricing model. The input into the model for the share option granted on 31 December 2008 was as follows:

Share price as at grant date:	HK$2.260
Exercise price:	HK$2.262
Expected volatility:	35.083%
Expected dividend yield:	6.19%
Risk-free rate:	0.539%
Suboptimal factor:	2.64

Expected volatility was determined by using the historical volatility of S E A's share price before the grant date for previous three years. The suboptimal factor was to account for the exercise behaviour of the share option granted by S E A. The variables and assumptions used in comprising the fair value of the share option are based on directors' best estimate.

33. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Fair value of investment properties HK$'000	Rental income (Note) HK$'000	Other temporary difference in respect of fair value adjustments on acquisition of subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2007	1,174	34,439	-	26,000	(2,895)	58,718
Exchange adjustments	-	762	-	-	-	762
Charge (credit) to consolidated income statement for the year	1,769	160,414	-	-	(1,594)	160,589
Effect of change in tax rate	-	(575)	-	-	-	(575)
At 31 December 2007	2,943	195,040	-	26,000	(4,489)	219,494
Exchange adjustments	-	2,272	106	-	(68)	2,310
(Credit) charge to consolidated income statement for the year	(816)	(37,266)	12,403	(14,181)	(7,087)	(46,947)
Effect of change in tax rate	(168)	(8,116)	-	(1,486)	256	(9,514)
At 31 December 2008	1,959	151,930	12,509	10,333	(11,388)	165,343

Note: It represented temporary difference between effective rental income recognised in accounting profit and actual rental income recognised in taxable profit.

33. DEFERRED TAXATION - continued

For the purposes of balance sheet presentation, deferred tax assets and liabilities above have been offset and shown under non-current liabilities.

At 31 December 2008, the Group has unused tax losses of HK$270,809,000 (2007: HK$417,260,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$68,194,000 (2007: HK$25,651,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$202,615,000 (2007: HK$391,609,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams.

At 31 December 2008, the Group has deductible temporary differences in respect of properties of HK$36,685,000 (2007: HK$40,133,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

34. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

During the year, the Group had acquired the following assets and liabilities, respectively, through acquisition of subsidiaries:

	Montelima Holdings Inc. (“Montelima”)	Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited (“Feng Dan Bailu”)[#]	Total
	HK$’000	HK$’000	HK$’000
	(Note 1)	(Note 2)	
Net assets acquired:			
Investment properties	118,290	-	118,290
Properties for development	-	13,901	13,901
Receivables, deposits and prepayments	370	-	370
Bank balances and cash	1,165	1	1,166
Payables, deposits received and accrued charges	(2,698)	(8,396)	(11,094)
Bank borrowings	(56,870)	-	(56,870)
	60,257	5,506	65,763
Minority interest	-	(198)	(198)
	60,257	5,308	65,565
Total consideration satisfied by:			
Cash consideration	60,257	5,308	65,565
Net cash outflow arising on acquisition:			
Bank balances and cash acquired	1,165	1	1,166
Cash consideration paid	(60,257)	(5,308)	(65,565)
	(59,092)	(5,307)	(64,399)

34. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES - continued

Notes:

(1) The Group acquired an investment property in the PRC and its related assets and liabilities by way of acquisition of the entire issued capital of Montelima and its subsidiaries from S E A.

(2) The Group acquired 91% of interest in a leasehold land and its related assets and liabilities by way of acquisition of 91% of interest in Feng Dan Bailu. The leasehold land is held by Feng Dan Bailu for property development purpose.

35. MAJOR NON-CASH TRANSACTIONS

As disclosed in note 28, some of the provisions for rehousing compensation were settled with the Affected Owners during the year by transferring to them certain units of the Group's properties held for sale.

36. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	730	4,082
In the second to fifth years inclusive	-	643
	730	4,725

Leases are negotiated for a term of 1 to 2 years with fixed monthly rentals.

36. OPERATING LEASE ARRANGEMENTS - continued

The Group as lessor

Certain of the Group's investment properties were leased out under operating leases.

Certain properties under development held for sale are temporarily leased with rental income earned during the year of HK$12,960,000 (2007: HK$12,960,000) included in other income.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$'000	HK$'000
Within one year	213,344	167,211
In the second to fifth years inclusive	430,349	400,412
Over five years	513,796	446,493
	1,157,489	1,014,116

One of the leases entered with tenants is subject to additional rental based on specified percentage of revenue recognised by the tenant in accordance with lease agreement over the annual minimum lease payments.

The remaining lease terms of the leased properties range from 1 to 18 years (2007: 1 to 19 years).

37. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments in respect of expenditure to be incurred on properties in Hong Kong.

	2008	2007
	HK$'000	HK$'000
Authorised but not contracted for	132,906	142,780
Contracted for but not provided for in the consolidated financial statements	113,137	278,703

38. PLEDGE OF ASSETS

At 31 December 2008, the Group had the following mortgages and/or pledges over its assets to secure banking facilities granted to the Group:

(a) Fixed and floating charges on investment properties with an aggregate carrying value of HK$4,573,177,000 (2007: HK$5,492,690,000).

(b) Fixed and floating charges on properties under development held for sale with an aggregate carrying value of HK$593,967,000 (2007: HK$2,032,746,000).

(c) Fixed and floating charges on properties held for sale with an aggregate carrying value of Nil (2007: HK$293,484,000).

(d) Fixed and floating charges on properties under development included in property, plant and equipment with an aggregate carrying value of HK$387,587,000 (2007: HK$156,738,000).

(e) Prepaid lease payments with an aggregate carrying value of HK$607,117,000 (2007: HK$565,707,000).

(f) Bank deposits of HK$198,422,000 (2007: HK$317,772,000).

(g) Unlisted shares of certain subsidiaries with assets principally comprised of investment properties, properties under development held for sale, properties held for sale, properties under development and prepaid lease payments included in (a), (b), (c), (d) and (e) above.

39. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Schemes (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs or HK$1,000, whichever is lesser; or 15% of relevant payroll costs per month to the scheme which contribution is matched by the employee, depending on the length of service with the Group.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the Government of the PRC.

The total cost charged to consolidated income statement of HK$800,000 (2007: HK$704,000) represents contribution paid to the retirement benefit schemes by the Group in respect of the current year. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

40. RELATED PARTY TRANSACTIONS

Other than that as disclosed in note 34, the Group had the following transactions with a related company, a wholly-owned subsidiary of S E A during the year:

(a) Rental income received of HK$9,158,000 (2007: HK$6,902,000); and

(b) Management fees paid/payable of HK$113,611,000 (2007: HK$128,784,000) in respect of investment property and development project management services of the Group's property portfolio provided by this related company.

In addition, the key management personnel are directors of the Group. The compensation of these directors is disclosed in note 13.

41. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries, all of which are companies with limited liability, at 31 December 2007 and 2008 are set out below.

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company		Principal activities
			2008 %	2007 %	
Direct subsidiary					
Benefit Strong Group Limited	B.V.I./Hong Kong	1 ordinary share of HK$1	100	100	Investment holding
Indirect subsidiaries					
AGP Hong Kong Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	100	100	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development and investment
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	100	100	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	100	100	Investment holding
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Treasury services
Handy View Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Financing
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	55	55	Property development

41. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2008 %	2007 %	Principal activities
Indirect subsidiaries					
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	100	Treasury services
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Shinning Worldwide Limited	B.V.I./Hong Kong	1,000 ordinary shares of US$1 each	55	55	Investment holding
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
Chengdu Huashang House Development Co., Ltd.	PRC	RMB200,000,000 registered capital	100	100	Property investment
Guangzhou Yingfat House Property Development Co., Ltd. ("Yingfat")*	PRC	US$20,110,000 registered capital	100	100	Property development and investment
Montelima Holdings Inc.	B.V.I./Hong Kong	1 ordinary share of US$1	100	-	Investment holding
Sino Harvest Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100	-	Investment holding
Sino Harvest Real Estate Development (Chengdu) Company Limited	PRC	US$3,000,000 registered capital	100	-	Property investment
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited#	PRC	RMB35,000,000 registered capital	91	-	Property development

* Yingfat was incorporated in the form of sino-foreign co-operative joint venture. According to the shareholder's agreement of Yingfat, the PRC partner is entitled to the higher of a fixed sum of return or 5% of the profit generated from the related property development project as defined in the agreement. The Group has the full entitlement to the remaining of the profit generated.

\# This is only the English translation of the Chinese name of the entity which does not have the English name.

The directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.